

BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE: Thomas & Croshia D. Elder)
Dist. 2, Map 36, Control Map 36, Parcel 10.00) Cumberland County
Residential Property)
Tax Year 2007)

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued as follows:

	<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
MKT.	\$96,800	\$ -0-	\$96,800	\$ -
USE	\$14,500	\$ -0-	\$14,500	\$3,625

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on September 4, 2007 in Crossville, Tennessee. In attendance at the hearing were Thomas W. Elder, the appellant, and Cumberland County Property Assessor's representative Mary Cox.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of an unimproved 45 acre tract of woodland located on Dykes Road Off in Crossville, Tennessee.

The taxpayer contended that the present appraisal of \$2,151 per acre should be reduced to \$1,200 per acre or \$54,000. In support of this position, the taxpayer argued that subject property experiences a significant diminution in value because it is landlocked and therefore has no road access. The taxpayer introduced three comparable sales into evidence which he maintained support a value indication of \$1,200 per acre. The three sales reflected sales prices of \$666, \$850 and \$1,000 per acre.

The assessor contended that subject property should remain valued at \$96,800. In support of this position, three comparable sales were introduced into evidence. Ms. Cox argued that the present appraisal of \$2,151 per acre falls within the range established by the comparables (\$1,861 - \$2,968 per acre). Ms. Cox also noted that Mr. Elder owns an adjoining 666 acre parcel with road access.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

After having reviewed all the evidence in the case, the administrative judge finds that the subject property should be valued at \$96,800 based upon the presumption of correctness attaching to the decision of the Cumberland County Board of Equalization.

The administrative finds that Mr. Elder, a retired appraiser, certainly appeared most knowledgeable. However, the administrative judge finds that his sales cannot provide a basis of valuation absent additional analysis. In particular, the administrative judge finds that because the sales were not adjusted it is impossible to determine how Mr. Elder arrived at his conclusion of value. The administrative judge finds that the procedure typically utilized in the sales comparison approach has been summarized in one authoritative text as follows:

To apply the sales comparison approach, an appraiser follows a systematic procedure.

1. Research the competitive market for information on sales transactions, listings, and offers to purchase or sell involving properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, physical condition, location, and land use constraints. The goal is to find a set of comparable sales as similar as possible to the subject property.
2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's-length, market considerations. Verification may elicit additional information about the market.
3. Select relevant units of comparison (e.g., price per acre, price per square foot, price per front foot) and develop a comparative analysis for each unit. The goal here is to define and identify a unit of comparison that explains market behavior.
4. Look for differences between the comparable sale properties and the subject property using the elements of comparison. Then *adjust the price of each sale property to reflect how it differs from the subject property or eliminate that property as a comparable*. This step typically involves using the most comparable sale properties and then adjusting for any remaining differences.
5. Reconcile the various value indications produced from the analysis of comparables into a single value indication or a range of values.

[Emphasis supplied]

Appraisal Institute, *The Appraisal of Real Estate* at 422 (12th ed. 2001).

As noted by Ms. Cox, Mr. Elder owns an adjoining parcel with road access. Respectfully, the cost to provide subject property with as easement would seemingly be minimal.

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2007:

	<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
MKT.	\$96,800	\$ -0-	\$96,800	\$ -
USE	\$14,500	\$ -0-	\$14,500	\$3,625


It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or
3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 21st day of September, 2007.



MARK J. MINSKY
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. Thomas W. Elder
Ralph Barnwell, Assessor of Property